



Economic Development Proposal

Visa

November 2012



Economic Development Proposal

- The purpose of today's briefing is to present the following:
 - A background of the economic development proposal and timeline for future City Council meetings
 - An overview of Visa
 - A review of the economic development matrix criteria and score
 - A summary of the WebLOCI fiscal impact analysis
 - A compilation of the overall benefits from this economic development proposal
 - A review of the proposed economic development agreement

+ Background

What is being considered and when?

- A proposed economic development agreement between the City of Austin and Visa to establish a Global IT Center, create jobs, and make investments in Austin.
- The economic development proposal is being presented over two City Council meetings:
 - November 28, 2012 – At a special-called City Council meeting, EGRSO will provide a briefing on the economic development proposal to the City Council and the public.
 - December 6, 2012 – At a regularly scheduled City Council meeting, the economic development proposal will be placed on the City Council meeting agenda as a public hearing item and action item.

+ Visa

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Company overview

- Public company, 36 years in business.
- Company is headquartered in Foster City, CA.
- Visa is a global payments technology company that connects consumers, businesses, banks and governments in more than 200 countries and territories, enabling them to use digital currency instead of cash and checks.
- Company has 18 U.S. locations and 70 global locations.

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What criteria and analysis were used?

- Economic Development Matrix as approved by City Council
 - The matrix is a scoring tool that assesses firms using the following five categories of criteria:
 - Overall economic and fiscal impact
 - Linkages to the local economy
 - Infrastructure impact
 - Character of jobs and labor force practices
 - Quality of life and cultural vitality
- WebLOCI fiscal impact analysis as approved by City Council
 - WebLOCI is a tool that over 300 chambers of commerce and local governments use to determine the fiscal impact of an economic development project.
 - Developed in 1999 by Georgia Institute of Technology

+ Economic Development Matrix

What is the score for this project?

- Visa scored 90 out of 100
- The score is reflective of the following:
 - Visa will increase its Austin presence by renovating 175,000 square feet within an existing facility for its Global IT Center.
 - This investment will result in the creation of 794 new jobs in Austin over the next 5 years.
 - Visa offers a comprehensive benefits package including health insurance, domestic partner benefits, and an Education Assistance program for its employees.

+ WebLOCI Fiscal Impact Analysis

The financial benefits and costs of this project

- The fiscal impact analysis represents only direct benefits and costs as a result of the project and jobs created.
- Total direct benefits over a 10-year period = \$21.8 million
- Total costs over a 10-year period = \$15 million *
- Total net benefit ($\$21.8 - \15) = \$6.8 million (rounded)

* This cost figure is net cost which includes a performance-based economic development grant estimated at \$1,560,000



Overall Benefits

What does this economic development proposal offer?

- The City of Austin targets the recruitment of information technology companies such as Visa
- 794 new full-time jobs created in Austin
- \$18.7 million company investment in real property improvements
- \$8.7 million company investment in business personal property
- Positive financial benefit to the City according to WebLOCI
- Employees are offered health insurance benefits, tuition reimbursement, career paths, prescription drug plan and other benefits
- Company will locate in the Desired Development Zone and adhere to the City's water quality regulations

+ Economic Development Agreement

What are the contractual obligations?

Visa – Performance Obligations

- Establish a Global IT Center in Austin.
- Invest \$18.7 million in real property improvements and \$8.7 million in business personal property.
- Create and maintain 794 new full-time jobs in Austin with an average annual wage of \$113,351.
- Work with local minority chambers of commerce to expand pool of diverse candidates in employment recruitment efforts.
- Abide by a supplier diversity policy.
- Comply with the standards and principles of the City's ordinance for minority-owned and women-owned business enterprises ("M/WBE Program Ordinance") in the design and construction of its manufacturing and distribution center. Comply with all City Code regulations, including applicable water quality regulations



Economic Development Agreement

What are the contractual obligations?

City of Austin – Performance Obligations

- Provide a 10 year performance-based economic development grant equal to \$250 per new job created and retained at Visa's Austin-based Global IT Center, payable on an annual basis.
- The estimated value of this grant is \$1,560,000 over the duration of this agreement.
- The City is not obligated to make a grant payment for any year in which the City has determined that Visa has failed to fulfill an obligation or condition applicable to the company.

+ Next Steps

- Today – Set the public hearing for the December 6th City Council meeting so that the public can comment on the proposed Economic Development agreement between Visa and the City of Austin.
- December 3rd – Online public comments will be transmitted to City Council.
- December 6th – A public hearing will be conducted followed by a City Council vote.